

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L QUEBEC 0058

E.O. 11652: GDS
TAGS: PINT, CA
SUBJECT:QUEBEC FINANCE MINISTER COMMENTS ON REFERENDUM

1. QUEBEC MINISTER FINANCE PARIZEAU YESTERDAY TOLD ME THAT PRESSURE IN QUEBEC HAD INCREASED CONSIDERABLY AFTER LEVESQUE'S NEW YORK SPEECH. ASKED DEFINE NATURE OF "PRESSURE", PARIZEAU CITED INCREASE IN INTEREST RATES AS EXAMPLE. HE SAID GOQ IS PLEASED THAT SUCH PRESSURE WAS EXERTED AT THIS EARLY STAGE OF PQ TERM IN OFFICE AND NOT 1 1/2 YEARS LATER. FOR THE COMING YEAR, QUEBEC GOVERNMENT HAD ALREADY DECIDED ON RESPITE AFTER LAST YEARS HEAVY BORROWINGS AND HYDRO - QUEBEC STILL HAS \$1.1 BILLION ON HAND TO SATISFCAPITAL EXPENSES FOR NEXT SEVERAL MONTHS. MARKET REACTION, PARIZEAU BELIEVES, IN A "ONE SHOT EFFORT" NOT LIKELY BE REPEATED. THUS, IT IS WELL TO HAVE GOTTN IT OUT OF WAY AND ABSORBED EARLY IN TERM OF OFFICE LONG BEFORE IT COULD INFLUENCE REFERENDUM VOTE.

2. REFERENDUM WILL BE CALLED, AS WE ANTICIPATED, WHEN POPULATION IS AGITATED BY ANOTHER EMOTIONAL ISSUE SUCH AS AIR CONTROLLER CONTROVERSY, PARIZEAU COMMENTED THAT LAST SUMMER WOULD HAVE BEEN

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GOOD TIME FOR REFERENDUM WHEN QUEBECIOS POPULATION WAS AGITATED BY AIR CONTROLLERS IMBROGLIO. ASKED WHAT ANOTHER SUCH EMOTIONAL ISSUE MIGHT BE, HE SAID ISSUES ARE DIFFICULT TO IDENTIFY IN ADVANCE, BUT CERTAINLY WILL ARISE IN HIGHLY EMOTIVE SITUATION WHEN THEY DO, PQ IS PREPARED EXPLOIT THEM.

3. LINES OF CONFLICT IN DEVELOPING QUEBEC CRISIS WILL BE BE-

TWEEN OTTAWA AND QUEBEC CITY; PARIZEAU SEES ONLY MINOR ROLE FOR PROVINIVAL FEDERALIST LEADERS. HOWEVER, HE PREDICTED STRONG FEDERIST OPPOSITION IN QUEBEC WILL ARISE WITHIN NEXT SIX MONTHS TO CHALLENGE SOVEREIGNISTS WITH LEADERSHIP COMING FROM TRUDEAU, MARC LALONDE AND ARNDRE OUELLET.

4. IN DISCUSSING TRUDEAU'S POTENCY AS AN OPPONENT, PARIZEAU SAID HE WOULD PREFER HAVE "TRUDEAU IN POWER UNTIL REFERENDUM HELD AND JOE CLARK AFTERWARDS". CLAIMS TRUDEAU WOULD BE THE EASIER ADVERSARY PRIOR TO REFERENDUM BECAUSE OF HIS INFLEXIBILITY ON CONSTITUTIONAL QUESTIONS AND HIS POLITICAL WEAKNESS. CLARK, ON OTHER HAND, LIKELY BE MORE SUPPLE NEGOTIATOR WHO, AS ANGLOPHONE FROM WEST, COULD MAKE NECESSARY COMPROMISES. TRUDEAU WOULD BE LOOKED ON BY BOTH SIDES AS A "SECURITY RISK", PARIZEAU LAUGHINGLY ASSERTED.

5. PARIZEAU AGAIN COMMENTED TO ME THAT ONTARIO'S RELATIONS WITH QUEBEC WERE HISTORICALLY CLOSE, BUT WERE ALLOWED LANGUISH DURING BOURASSA PERIOD. ACCORDING PARIZEAU, PREMIER DAVIS OF ONTARIO WHO VISITED QUEBEC CITY LAST WEEKEND AS HONARARY PRESIDENT OF WINTER CARNAVAL, ASSURED LEVESQUE THAT RELATIONS BETWEEN TWO PROVINCES WOULD CONTINUE TO BE FRIENDLY AND COOPERATIVE "NO MATTER WHAT HAPPEN IN FUTURE." PARIZEAU EXPECTS ONTARIANS WILL PLAY INCREASINGLY IMPORTANT ROLE AS MODERATORS BETWEEN QUEBEC AND ANGLOPHONE CANADA.

6. COMMENT: PARIZEAU'S COMMENTS ON TIMING OF REFERENDUM SUGGESTS QUEBECOIS MAYBE HOPING HOLD REFERENDUM PRIOR TO NEXT FEDERAL GENERAL ELECTION, PARTICULARLY SHOULD TRUDEAU
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WEATHER CHALLENGES TO HIS LEADERSHIP BY LAW, NEXT ELECTION MUST BE HELD BEFORE JULY 1979. THUS, PARIZEAU'S MENTIONING OF ONE AND A HALF YEARS WOULD FIT INTO THIS TIME FRAME WITH REFERENDUM VOTE COMING IN FALL OF 1978. HIS PREFERENCE OF TRUDEAU AS OPPONENTIS VIEW WIDELY HELD AMONG PEQISTES. THEY SEEM TO THINK PRIME MINISTER WOULD BE COMPARITIVELY EASY MARK. AT LEAST ONE THOUGHTFUL PROVINCIAL LIBERAL DOES NOT SHARE THIS ASSESSMENT. THE WIFE OF FORMER MINFIN RAYMOND GARNEAU TOLD ME ON FEBRUARY THAT TRUDEAU WILL LEAD FEDERALIST ATTACK AGAINST PQ HIMSELF. IT IS HER VIEW THAT HE IS ONLY FEDERALISTWHO CAN OUTPOINT REVE LEVESQUE ON THEIR HOME TURF IN QUEBEC.
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